

Message Text

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PAGE 01 BONN 05885 120154Z

42

ACTION EB-07

INFO OCT-01 EUR-12 NEA-09 ISO-00 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07

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SP-02 SS-15 STR-04 TRSE-00 FRB-03 FEA-01 PA-01 PRS-01

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FM AMEMBASSY BONN

TO SECSTATE WASHDC 9331

INFO AMEMBASSY TEHRAN

AMEMBASSY MOSCOW

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: ENRG, GW, IR, UR

SUBJECT: GERMAN/IRANIAN/SOVIET NATURAL GAS PROJECT

REF: TEHRAN 3214; BONN 19077 (DECEMBER 11, 1974)

1. AN ECONOMICS MINISTRY SOURCE CONFIRMED NEWSPAPER REPORTS THAT AGREEMENT ON THE GERMAN/IRANIAN/SOVIET GAS PROJECT HAS BEEN REACHED. A BASIC AGREEMENT WAS SIGNED IN MOSCOW BY THE SOYEZ GAS EXPORT COMPANY, THE NATIONAL IRANIAN GAS COMPANY AND RUHRGAS

2. UNDER THE TERMS OF THE AGREEMENT THE IRANIANS WILL PROVIDE 13 BILLION CUBIC METERS OF GAS ANNUALLY AT THE IRANIAN/SOVIET BORDER. THE GERMANS ARE TO RECEIVE 11 BILLION CUBIC METERS AT THE GERMAN/CZECH BORDER ONE-HALF OF WHICH WILL BE FOR CONSUMPTION

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PAGE 02 BONN 05885 120154Z

IN GERMANY WITH THE OTHER HALF DESTINED FOR ITALY,

FRANCE AND AUSTRIA. THE REMAINING 2 BILLION CUBIC METERS WILL BE NEEDED AS PRESSURE TO DRIVE THE GAS THROUGH THE PIPE LINE. THE SOVIET UNION IS TO RECEIVE A TRANSIT FEE FOR TRANSPORTING THE GAS AND IT IS UP TO THE RUSSIANS TO DECIDE IF THEY WISH TO BUILD A PIPE LINE TO DELIVER THE GAS OR ALTERNATIVELY TO KEEP THE IRANIAN GAS FOR DOMESTIC CONSUMPTION AND DELIVER INSTEAD SOVIET GAS TO GERMANY.

3. OUR SOURCE DID NOT YET KNOW THE FINANCIAL DETAILS. HE SAID THE BASIC PRINCIPLE ACCEPTED BY ALL PARTIES WAS THAT THE GAS MUST BE DELIVERED TO THE GERMAN/CZECH BORDER AT A PRICE COMPETITIVE WITH OIL. ON THE BASIS OF THIS PRINCIPLE RUHRGAS AND THE IRANIANS WERE ABLE TO NEGOTIATE AN AGREEMENT IN LONDON ON THE PRICE THE IRANIANS WOULD RECEIVE FOR THE GAS AT THE IRANIAN/SOVIET BORDER. RUHRGAS THEN OFFERED TO PAY THE SOVIETS THE DIFFERENCE BETWEEN THESE TWO PRICES AS COMPENSATION FOR THE TRANSPORTATION SERVICES AND THE SOVIETS AGREED.

4. IN RESPONSE TO EMBOFF'S QUESTION, OUR SOURCE STATED THAT THE IRANIANS DENIED THAT ECONOMICS AND FINANCE MINISTER ANSARI HAD EVER MADE AN OFFER OF 26 BILLION CUBIC METERS. CONSEQUENTLY, THE NEGOTIATIONS WERE ALWAYS LIMITED TO A QUANTITY OF 13 BILLION CUBIC METERS.
CASH

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